

ATI Working Paper

Viewing illicit financial flows through
the lens of a wicked problem

Bernd Schlenther

Viewing illicit financial flows through the lens of a wicked problem¹

Bernd Schlenther²

ABSTRACT

By viewing the concept “illicit financial flows” (IFFs) through the lens of the social sciences theory of “wicked problems,” this paper explores whether IFFs qualify as a wicked problem and whether action strategies or collaborative approaches typically used to deal with wicked problems, can be applied to IFFs. The analysis in this paper suggests that the prominent interconnected subsets of problems that cut across multiple policy domains and levels of government can be best addressed through collaborative approaches such as the whole-of-government approach. This means, for example, that tax strategies on their own, no matter how well developed, are insufficient to address IFF concerns and that sound anti-money laundering and anti-corruption policies are, for example, equally important. There are strategic and operational strategies available under a whole-of-government approach that, if well coordinated, are best suited to understand and respond to wicked problems such as IFFs.

Key words: Illicit Financial Flows, wicked problems, public administration, tax, corruption, money laundering

JEL Classification: D73; E62; H26; H83

¹ This paper is based on my PhD thesis entitled: “An Evaluation of Tax Policy Measures Required to stem Illicit Financial Flows in the Diamond Value Chain.” I acknowledge the financial assistance from the National Research Foundation (NRF) towards funding my studies. Opinions expressed and conclusions arrived at are those of the author and must not be attributed to the NRF.

² Bernd Schlenther is an independent expert who specialises in matters relating to illicit financial flows and domestic resource mobilisation. Corresponding email address: bschlenther.bs@gmail.com

1. Introduction

There are issues that cannot be successfully addressed with traditional linear and analytical approaches and are therefore termed “wicked problems” (Rittel 1972: 390). Wicked problems are considered to have a multitude of causes, are difficult to define and defy solution. This paper compares Illicit Financial Flows (IFFs) against the criteria of wicked problems and explores whether strategies employed to mitigate wicked problems can be applied to IFFs. IFFs are commonly referred to as money and capital flows that are attributable to activities that are illegal or that such monies and transfers are used in an illegal manner (Ngwenya 2017: 44). Consequently, three key questions are discussed: (i) are IFFs a wicked problem or merely a complex problem; (ii) what are the key components of IFFs (the definitional aspects) and (iii) based on what these components are, are there strategies available to governments to mitigate IFFs?

In analysing the different interpretations of what is included under the concept “IFFs”, it is found that the definitional challenge meets the criteria of what is deemed to be a “wicked problem.” The definitional challenge posed by IFFs is not unique and is reminiscent of similar definitional problems associated with broadly defined concepts such as “transnational organised crime” which arose, particularly in the 1990s. In that instance, the lack of definition was viewed favourably because it made provision for a broader application of laws in response to new or emerging types of crime that result from changes in local, regional and global conditions. What sets IFFs apart from previous similar problems, are distinguishing elements that have overriding importance such as the urgency to act to avoid a policy tragedy. It is also found that the lack of agreement on the definition of IFFs is largely based on whether immoral commercial transactions are to be included in the definition of IFFs. An important aspect in this discourse is that proponents on both sides of the debate agree that IFFs has a role to play in policy setting.³

From a policy perspective, the concept IFFs, in its wider interpretation, attaches political consequence to different types of conduct across a very wide spectrum (both illegal and legal). In doing this, it draws various overlapping issues together under one umbrella, which from a government policy perspective, enables governments to identify shared outcomes

³ For example, Picciotto (2018) states that it would be unsound, and lead to bad policy, to adopt a restrictive definition to IFFs whilst Forstater (2018) makes the point that “while different players have different perspectives, they have a common interest in strengthening administration of tax law so that it is neither weakly enforced, nor capricious and predatory.”

across different agencies, opportunities for cooperation and opportunities for resource mobilisation (Reuter 2017). Put differently, a true understanding of the problem of IFFs will require the very different perspectives of diverse agencies, organisations and stakeholders. Ultimately, a “package of measures identified as a possible solution” that will require the involvement, commitment and coordination of various and diverse stakeholders will need to be crafted and delivered (APSC 2012). This therefore, raises the prospect of developing collaborative approaches and action strategies to address IFFs as a wicked problem.

This paper is structured in four parts. The first part looks at the criteria and challenges posed by wicked problems. The second part deals with the definitional challenges of IFFs and explores ways how these can be overcome. The third part deals with the importance of understanding both the factors and activities that enable IFFs and also the question as to how governments could go about in approaching and responding to IFFs from both a strategic and an operational perspective. Part 4 concludes.

2. Wicked problems

In 1972 Horst Rittel, an urban planner at the University of California, observed that “there is a whole realm of social planning problems that cannot be successfully addressed with traditional linear and analytical approaches” (Rittel 1972: 390). He defined these issues as “wicked”⁴ problems and contrasted them with tame⁵ problems. Rittel and Webber (1973: 170) summarise wicked problems as follows:

A great many barriers keep us from perfecting such a planning/governing system: theory is inadequate for decent forecasting; our intelligence is insufficient to our tasks; plurality of objectives held by pluralities of politics makes it impossible to pursue unitary aims; and so on. The difficulties attached to rationality are tenacious, and we have so far been unable to get untangled from their web.

The term “wicked problems” was therefore coined because of a recognition that some public policy problems are characterised by a dynamic complexity that defies the confines of

⁴ Meaning malignant or vicious or tricky or aggressive.

⁵ Examples of tame problems are, according to Rittel and Webber (1973: 160), “mostly scientific such as problems of mathematics e.g. solving an equation; the task of an organic chemist in analysing the structure of some unknown compound; or that of a chess player attempting to accomplish check mate in five moves – for each example the mission is clear and in turn, it is clear whether the problem was solved. In contrast, wicked problems do not have these clarifying traits because they include nearly all public policy issues. Examples provided include concerns on the location of a freeway or the adjustment of tax rates.”

established stove piped systems of problem definition, administration and resolution. Wicked problems are distinguished from complex problems in that they are “messier”, they signal an impending crisis and they resist standard efforts designed to yield final, ideal solutions. Complex problems involve high levels of uncertainty, can change over time, and need a coordinated approach between different types of expertise. With increasing intricacies, the problem is found to be interconnected with other problems, stakeholder disagreement strongly comes to the fore and the stakes are suddenly much higher (Lake, Fernando, Eardley 2014: 3). Whilst complex problems can be addressed through ameliorative and adaptive responses, no ideal solution exists for wicked problems and as such, wicked problems pose serious challenges to those working in government because they keep trying to solve unsolvable problems (Lake, Fernando, Eardley 2014: 3; Peters 2017: 386; Termeer *et al.* 2012). Examples of wicked problems can be found in various diverse policy domains, such as climate change, foreign policy, terrorism, health care and water management (Batie 2008: 1176; Termeer *et al.* 2012: 2-3).

Literature (Conklin 2005: 8; Weber & Khademian 2008: 336; Rittel and Webber 1973: 159; Rittel 1973: 164; Peters 2017: 386) on wicked problems defines its characteristics as follows:

- There is “no definitive formulation of a wicked problem.” It is, in essence, a problem that is “unstructured” which means that it is difficult to identify and model the causes and effects thereof. Further complexity is added where there is little consensus on the problem or solution. For Rittel and Webber (1973), it means that the problem is not understood until a solution is developed;
- It has a “no stopping rule”; since there is no definitive problem, there is no definitive “solution.” Problem solving stops when resources are exhausted and when a “good enough” outcome is reached.
- Solutions to wicked problems are not “true” or “false”, but “better” or “worse”, and because they are judged in a social context in which different stakeholders have differing goals and values, they are difficult to measure objectively.
- There is no immediate solution and no ultimate test of a solution to a wicked problem, as every wicked problem is essentially unique. According to Rittel and Webber, “unique” means that although there may be extensive lists of similarities between present and previous problems, a distinguishing element that has overriding importance may be present.
- All attempts to solutions have effects that may not be reversible or forgettable.

- Every solution to a wicked problem is a “one-shot operation”. There is no opportunity to learn by trial and error.
- Every attempt to solve a wicked problem counts significantly. Conklin (2005: 8) notes that one has to try to learn about the problem by attempting solutions, however, each attempt at a solution is expensive and may result in lasting unintended problems that can create new wicked problems. Because of the high cost of failure the policy maker “has no right to be wrong.”
- There are multiple explanations for the wicked problem.
- Every wicked problem is a symptom of another problem. Rittel (1973: 165) described problems as differences between the current state of affairs and what it ought to be. Resolving the problem requires a process whereby one can search for the causal explanation to such differences. Once the causal explanation is identified and removed, it may pose another problem of which the original problem is a symptom or that the latter can be considered a symptom of yet another problem at a higher level. In this context, IFFs can be considered as a result or a symptom of, for example, immoral profit shifting or corruption, or bad policy or whichever causal relationship one happens to favour.
- Wicked problems involve multiple actors and are socially and politically complex.

Recently the concept of “super wicked” problems was coined to describe significant policy challenges that governments face such as climate change. In addition to the characteristics of wicked problems, four additional characteristics are included, namely:

- Time is running out;
- Those who cause the problem also seek to provide a solution;
- The central authority needed to address it is weak or non-existent; and,
- Policy responses discount the future irrationally.

Together these characteristics create a policy-making tragedy because traditional analytical techniques are ill equipped to identify solutions, even when it is acknowledged that immediate action is required to circumvent catastrophic future negative consequences (Levin *et al.* 2012). For example, global estimates indicate that illicit financial flows are substantial and growing and that they impact on development. Acknowledged consequences of IFFs include poverty, inadequate economic growth, high levels of inequity, poor infra-structure development, weak governance, an impediment to effective domestic resource mobilisation, reduced private investment and constrained public resources available for investment and

service delivery as well as a failure to address climate change (UNECA 2102; OECD 2018; World Bank 2016; Munang and Han 2014; Reuter 2012). IFFs also contribute to the preservation of unequal power relations and to further weakening of already weak government institutions (Herkenrath 2014). Thus there are various possible triggers at different levels that must be considered for policy changes. These triggers include the factors enabling IFFs (e.g., weak institutions and governance) and the actions that cause IFFs (e.g., corruption, money laundering and tax evasion). However, the ability of governments to address such challenges is often impeded by favouring immediate policy interests by those wielding influence and political power. In addition the issues that need to be addressed are typically long term and large scale in nature and require comprehensive action through a capable central authority. Time is running out as the implementation of the United Nations (UN) Agenda on meeting Sustainable Development Goals (SDGs) by 2030 and the African Union (AU) Agenda 2063 hinges on the ability of governments to combat IFFs and to mobilise domestic resources to fund development.

Rittel and Webber (1973: 164) point out that one is not able to prove that all solutions have been identified and weighed because there are no criteria to enable such a process. In this regard, a cursory glance at the key issues of the OECD Base Erosion and Profit Shifting (BEPS) Action Plan, which developing countries and international organisations identify as being most critical in addressing harmful tax practices, reveals that each of the six issues listed⁶ meets Rittel's criteria of wicked problems,⁷ most notably the criterion of "every wicked problem can be considered to be a symptom of another problem." In the context of the BEPS Action Plan, these are wicked problems that involve causes and effects at multiple scales of time and space, owing to their multi-dimensional and interconnected characteristics.

⁶ The OECD lists these as "(1) Base erosion caused by excessive payments to foreign affiliated companies in respect of interest, service charges, management and technical fees and royalties; (2) Profit shifting through supply chain restructuring that contractually reallocates risks, and associated profit, to affiliated companies in low tax jurisdictions; (3) Significant difficulties in obtaining the information needed to assess and address BEPS issues, and to apply their transfer pricing rules; (4) The use of techniques to obtain treaty benefits in situations where such benefits were not intended; (5) Tax loss caused by the techniques used to avoid tax paid when assets situated in developing countries are sold; and (6) Developing countries often face acute pressure to attract investment through offering tax incentives, which may erode the country's tax base with little demonstrable benefit." (The last point is included in the OECD report, not as an integral part of BEPS, but of first order concern to developing countries that impacts on the tax base).

⁷ Due to reasons such as the difficulty to clearly define the problem; there may be several inter-dependencies and multi-causal aspects; the proposed measures may have unforeseen consequences or effects; the problems may be unstable and may continue to evolve; there is no clear or correct solution; the problem may be "socially complex with many stakeholders"; the responsibility to address the problem may stretch across many organisations, and lastly, the solutions may require behavioural changes by citizens and stakeholder groups (Rittel and Webber 1973: 164).

Correcting negative effects can become a wicked problem in itself, for example a too narrow scope in defining BEPS has already shown discrepancies between what the developed and the developing world deems included or excluded in BEPS.⁸ Due to the inherently incomplete understanding of problems, every action can have unpredictable consequences, for example: failure of states to share information will undermine success in the majority, if not all, of the actions.

The characteristics associated with wicked problems are also revealed in the definitional debate about IFFs. Consider for example the following quote by Forstater (2018) where the author argues that illicit financial flows and multinational tax avoidance are not the same thing:

To understand progress and challenges we need clear concepts and a common language; enforcement relies on sharing information between the private sector and law enforcement, between tax and customs authorities, financial intelligence units and criminal investigators, and between jurisdictions. This depends on cooperation and a precise legal framework - for example, about the circumstances in which citizens' information can be shared. The idea of combining legal and illegal activity into a vaguely defined but politically powerful category makes me deeply nervous.

Whilst the above statement is, in most likelihood agreeable to most people – either side of the IFF definitional debate – toward *linear problem solving in general*, it, more importantly, highlights the characteristics of “wicked problems” as manifested in the IFFs concept. For example, the inability to define the problem and the “no stopping rule.” The statement by Forstater above, reflects the “unstructured” nature of the problem which means that it is

⁸ The African Tax Administration Forum (ATAF) for example stipulates additional areas, not included in the BEPS Action Plan, such as the lack of transfer pricing comparability data; granting of wasteful tax incentives; taxation of natural resources; indirect transfer of assets; the informal sector and fraudulent mis-invoicing of trade transactions (Monkam 2015). These additional areas identified correspond with an IMF analysis, that concluded that, due to lower administrative capacity to address BEPS, developing countries are likely to have significantly higher BEPS concerns than developed countries. Furthermore, the South African Finance Minister accepted in 2015 that BEPS is a problem for developing and developed countries alike, but he underscored the following aspects: “profit shifting is not the only driver of the erosion of the African tax base. Factors contributing to erosion of the continent’s tax-bases are exacerbated when, for instance, governments sign away their own tax revenues through ill-conceived tax incentives, insufficient tax mix and over-reliance on single source taxation, poorly negotiated contracts and non-transparent concessions (especially in the extractive industry), inadequate taxation of high net worth individuals, the lack of automated systems in tax administration and a disconnect between tax policy and tax administration – which leads to weak policies and legislation and under-resourced tax administrations.” This assessment concluded with the observation that “weaknesses in Africa’s tax regimes give away so much of the tax base that some of these new international tax rules may not even matter”(Nene 2015).

difficult to identify and model the causes and effects thereof. In addition, further complexity is added where there is little consensus on the problem or its solution.

The “no stopping rule” says that since there is no definitive problem, there is no definitive “solution.” Problem solving stops when resources are exhausted and when a “good enough” outcome is reached. The key questions here are (a) what will constitute a “good enough outcome” on the IFF definitional debate to all parties and stakeholders concerned and, more importantly, (b) what will be a “good enough outcome” for people affected by IFFs in the form of deprived resources, lack of socio-economic development and the effects of climate change?⁹

2.1 The definitional debate

The term “illicit” means “not allowed by the law” and/or “not approved of by the normal rules of society.”¹⁰ It therefore includes both an illegal aspect and an immoral aspect (which may be legal but morally frowned upon), or as Reuter (2017: 4) puts it: it “includes a variety of legally ambiguous transfers.” In reviewing available literature, organisations have followed an approach of (a) either limiting the scope of illicit to mean illegal, or (b) to use the term inclusive of illegal and immoral.

According to the World Bank, the concept of IFFs emerged as an umbrella term for bringing together seemingly disconnected issues that can be classified under factors that cause IFFs and components of IFFs. Factors that foster illicit practices and illegal international movement of capital include: policy and regulatory inconstancies; weak institutions; limited oversight, limited accountability and adherence to the rule of law; the extent of entrenched vested interests and the lack of transparency in economic and governance processes. Although the concept is poorly defined in the current literature, there are various identifiable components underlying the term IFF, such as capital flight, corruption, money laundering, tax avoidance, tax evasion, tax havens and abusive transfer pricing practices. Further delineation of reasons for IFFs can include conflict, weak domestic resource mobilisation, uncontrolled

⁹ By focusing on the human rather than the financial scale and impact of IFFs, O’Hare, Makuta, Chiwaula and Cobham’s (2014) quantitative analysis found that in 16 of 34 sub-Saharan African (SSA) countries studied, the 4th MDG target would be attainable in the absence of IFFs. The design of the analysis entailed a calculation of the percentage increase in gross domestic product (GDP) if IFFs were curtailed using IFF/GDP ratios. (The indicators of the 4th MDG are: under-five mortality rate; infant mortality rate; and the proportion of children aged one year who are immunised against measles).

¹⁰ Oxford Dictionary; Cambridge Dictionary.

exploitation of natural resources and crime, as well as inequality and exploitative elites (OECD 2016: 146). Various authors are in agreement that IFFs is an “ill-defined term” with disputable boundaries, primarily for the reason that “illicit” does not equate to “illegal”(Reuter 2012; Blankenburg and Kahn 2012; Herkenrath 2014; Forstater 2018).¹¹

Reuter (2012: 7) suggests that the defining characteristics of “illicit” are:

That (1) the acts involved are themselves illegal (corruption or tax evasion) in a regime that has some democratic legitimacy, or (2) the funds are the indirect fruits of illegal acts... thus illicit funds are not merely the consequence of bad public policy and do not include all international illegal flows from illegitimate regimes.

Under the most commonly used definitions, IFFs refers to money that is earned, transferred or used in violation of existing laws. In some instances, such money is earned illegally and in other instances, such money could have been earned legally but transferred out of the country illegally by circumventing currency controls or customs control (UNECA 2015: 23; Waris 2018: 21). The OECD (2014: 16) defines IFFs as “flows generated by methods, practices and crimes aiming to transfer financial capital out of a country in contravention of national or international laws.” The OECD definition therefore only includes illegal activities. The IMF (2018) takes a similar approach whereby IFFs refer to “the movement of money across borders that is illegal in its source (e.g. corruption, smuggling), its transfer (e.g. tax evasion), or its use (e.g. terrorist financing).” The UNECA High Level Panel Report views the term “illicit” as a fair description of activities that are not in line with established norms and rules, and such activities are inclusive of aggressive tax avoidance (UNECA 2015: 23). Cobham and Jansky (2017: 1) define IFFs as an umbrella term for a wide-ranging collection of cross-border economic and financial transactions, of which the common element is the use of financial secrecy to remain hidden from public and regulatory view and not illegality *per se*. Everest-Phillips (2012: 70, 71) expands the definition of IFFs to include activities that are immoral where such activities undermine the state’s willingness and capacity to deliver better lives for its citizens. Picciotto (2018) argues that a broad definition of IFFs is essential, because multi-nationals were party to the offshore tax haven and secrecy system that was constructed for purposes of tax avoidance and financial regulation. Picciotto’s response to the argument generally made for excluding tax avoidance or immoral actions from the definition of IFFs, is that tax avoidance is not ‘perfectly legal’ because (a) it can be challenged by tax

¹¹ Reuter (2012); Blankenburg & Kahn (2012). *Supra* 3.

authorities and may be found unlawful; (b) perceptions of tax avoidance have changed, that has translated into “both strengthened enforcement and greater efforts to reform and improve the legal rules” and (c) the term “‘illicit’ is etymologically much wider than ‘illegal’”. For these reasons, Picciotto concludes that “it would be unsound, and lead to bad policy, to adopt a restrictive definition.”

Blankenburg and Khan (2012: 23) define an “illicit capital flow” as “a flow that has negative impact on an economy, if all direct and indirect benefits in the context of the specific political economy of the society are taken into account.” According to the authors, their definition allows one to make sense of the perception that “not all illegal flows are necessarily illicit, while some legal flows may be illicit” and the “use of the notion of illicitness suggests that damaging developmental outcomes may not always correspond to violations of the law.”¹² It is therefore necessary to be very specific in defining economic, social and political damage (Blankenburg and Khan 2012: 24). An illicit financial flow, according to their minimal definition, is one that results in overall negative effects on economic growth, inclusive of both direct and indirect effects, in the context of the specific political dispensation of a country. Herkenrath (2014) highlights the outcome criteria of this definition as problematic because under this definition, the impact of financial flows must already be known before it can even be deemed to be illicit, which makes empirical quantitative research near impossible.

According to Everest-Phillips (2012), the frequent confusion between “illicit” and “illegal” “loses the important moral dimension for developing countries and their partners in the international community of the need to tackle poverty and deliver the United Nations’ Millennium Development Goals.”¹³ In this regard, Moore (2012: 458) suggests that questions about the dimensions and effects of illicit flows should be secondary to a focus on developing a better understanding of the components and correlates of IFFs, namely: “capital flight, corruption, money laundering, tax avoidance, tax havens, and transfer mispricing.”

The definitional challenge posed by IFFs is not unique¹⁴ and is reminiscent of similar definitional problems associated with broadly defined concepts such as “transnational

¹² For example, double tax agreements (DTAs) that would place some form of prohibition in law are not in place, nor are relevant domestic laws.

¹³ According to the United Nations’ Millennium Development Goals (MDGs), USD 529 billion will be needed to cover MDG costs by 2015, which requires that illicit flows are addressed as a matter of high priority. If not, poverty will increase and there will be a decline in access to basic services.

¹⁴ Uniqueness” of the problem means that “despite long lists of similarities between current problems and previous ones, there might always be “an additional distinguishing property” (e.g. does the definition include illegal acts only, or also those that are morally frowned upon) which is overriding in importance (Rittel and Webber 1973: 161-167).

organised crime” that arose in the 1990s particularly. According to Paoli (2002: 51), the expression “organised crime” has been used as “a catch all phrase” to “express the growing anxieties of national and supranational public institutions and private citizens in view of the expansion of domestic and world illegal markets, the increasing mobility of criminal actors across national borders, and their perceived growing capability to pollute the licit economy and undermine political institutions.”

The latter sentiment is echoed in the United Nations Convention against Transnational Organised Crime (UNTOC), as it does not contain a precise definition of “transnational organised crime,”¹⁵ neither does the UNTOC list the kinds of crimes that might constitute transnational organised crime. This lack of definition was, according to the UNODC, intended to make provision for a broader application of the Organised Crime Convention to new or emerging types of crime that result from changes in local, regional and global conditions (UNODC, not dated). The UNODC explains that the UNTOC only covers crimes which are “transnational” in a broad sense, offences committed in more than one country, as well as offences that take place in one country but are planned in another. The implied definition “transnational organised crime” then encompasses virtually all profit-motivated serious criminal activities that have international implications.

In tackling the definitional aspects of organised crime, Smith (1976), cited in Paoli (2002: 55), proposes substitution of the term organised crime with “illicit” or “illegal enterprise,” because “illicit enterprise is the extension of legitimate market activities into areas normally proscribed (those beyond existing limits of law) for the pursuit of profit and in response to a latent illicit demand.” Other authors, such as Block and Chambliss (1981, cited in Paoli, 2002: 55) propose that organised crime equates to the provision of illegal goods and services, and that the term should be limited to coordinated vice and racketeering activities. These arguments resonate in a similar fashion in the IFF debate where there is support for a narrow definition restricted to illegality and a wider definition that takes into account the larger context and wider consequences of the activity.

The dilemma posed by concepts such as “transnational organised crime” and “IFFs” is whether a wide or narrow scope should be assigned. If a too narrow scope is chosen, there is

¹⁵ Under Article 2(a) of the UNTOC 2(a), “organized criminal group” shall mean “a structured group of three or more persons, existing for a period and acting in concert with the aim of committing one or more serious crimes or offences established in accordance with this Convention, to obtain, directly or indirectly, a financial or other material benefit.”

a risk that not all underlying components of the concepts are addressed, and that policy interventions aimed at reducing organised criminal activity or IFFs may fail. A too wide scope may be dependent on institutional effectiveness of different agencies having to work in unison to achieve common policy objectives. An inability to identify different components and their inter-relationship may lead to limited implementation of interventions and consequent policy failure. Of importance is that, in the establishment of criteria of what constitutes IFFs, there should be sufficient consensus amongst government agencies and between developing and developed countries on the causes of IFFs and the measures required to mitigate such causes.

The African Tax Administration Forum (ATAF), which is predominantly concerned with combatting abusive tax practices by international companies that impede domestic resource mobilisation in Africa, supports the view of Schlenther (2018) who argues that by limiting the definition to include only illegal activity, the question can be posed as to whether IFFs is an appropriate or even necessary term to use (Wort 2018). Whilst a wide definition such as that used by Blankenburg and Kahn (2012: 24) captures the notion that the term “illicit” suggests that damaging outcomes in development may not always correspond to violations of the law, Reuter (2017: 3) cautions that the conceptual attractiveness of the notion may well defy operationalisation. Forestater (2018: 29) summarises this definitional quandary quite accurately by stating that:

Ultimately the question of how the term “IFF” is defined will only be settled by those that define and use it, whether as international organisations, governments, researchers and academics, or activists. While different players have different perspectives, they have a common interest in strengthening administration of tax law so that it is neither weakly enforced, nor capricious and predatory. This is positive for citizens, businesses, and government, and ultimately critical for sustainable development... Concentrating on battling definitions may be seen as a distraction from this underlying common objective, but incompatible language can become a barrier to understanding and dialogue.

Overcoming the definitional quandary may therefore require some pragmatism. International organisations such as the IMF and OECD have taken a pragmatic approach in addressing IFFs by focusing on the “how to” aspects rather than getting stuck on the definition – even though both use the narrow definition of IFFs. For example, the IMF (2018) states that as part of its mandate to ensure the stability of the international monetary system, it seeks to address

IFFs in the following ways: by (a) shaping domestic and international policies against money laundering and terrorism financing (AML/CFT); (b) enhancing governance and addressing corruption; (c) addressing tax evasion through the improvement of compliance levels and enforcement of tax laws; (d) combatting tax avoidance activities and (e) monitoring the size of flows to enable countries to better understand IFFs.

The OECD (2108: 23) in turn states that much of the work that it carries out in the field of taxation, directly or indirectly, supports the international and country-level efforts to combat IFFs. The OECD emphasises the importance of tax transparency and exchange of information to identify beneficial ownership of entities and legal arrangements that are used to carry out illegal activities that result in IFFs. Importantly, the following proviso is included in defining its work in addressing IFFs: “To the extent that tax avoidance is considered as part of IFFs, the BEPS package of 15 measures, as well as the OECD/UNDP Tax inspectors without borders initiative offer robust solutions and tailored bilateral support.”

Thus, although both these international institutions assign a narrow definition to IFFs, it is evident from their mandates and work objectives that in practice these institutions will address both the legal and immoral dimensions of IFFs.

2.2 Dealing with wicked problems

Rittel and Webber (1973) state that “it makes no sense to talk about optimal solutions to social problems, unless severe qualifications are imposed on such problems first and, even worse, there are no solutions in the sense of definitive and objective answers.” This aspect is well illustrated by the definitional quandary of IFFs: if the problem formulation as set at a high level, there is a risk that a broad generalisation of the problem may make it difficult to address. Conversely, if the problem is addressed on a low level, then success in resolving the problem may make things worse in that it may become more difficult to deal with the higher-level problems.

The definition assigned to wicked problems by Reynecke and Ansari (2016) encapsulates these challenges to governments as “large scale social challenges caught in causal webs of interlinking variables spanning national boundaries that complicate both their diagnosis and prognosis.” Under this definition, IFFs is a wicked problem because they bring about “large scale social challenges” through the presence of factors enabling IFFs and activities that cause IFFs. Consider for example current challenges such as illegal mining and economic and

social inequality. To address such challenges, “inter-linking variables spanning national boundaries” should be identified and addressed. IFFs, as a driver of inequality (because they erode government revenues), should therefore be addressed in the context of the political economy of inequality. This means that variables such as non-taxation and large-scale tax evasion by the wealthy in high-inequality contexts should be dealt with because it undermines the state and its perceived legitimacy (Everest Phillips 2012: 88). Another inter-linking variable to consider is coherence in policy. Policy coherence is required to ensure that anti-corruption and anti-money laundering measures that support tax investigations are applied – both domestically and across multiple borders. Diagnosis and prognosis of such challenges would require, amongst others, models and strategies for cooperation (see Schlenther 2017), an understanding of the inter-relationships between common factors to IFFs (see Schlenther 2017a) and rigorous econometric work to establish the impact of countries’ exposure to secrecy jurisdictions, particularly in as far as on tax revenues, on economic growth, on inequality, and on governance outcomes (Cobham 2012: 365).

Large-scale poverty forces many to engage in activities that underlie IFFs such as illegal gold mining, which in turn is closely linked to smuggling, corruption, tax evasion and money laundering. It furthermore has a damaging effect on the environment through illegal logging and extreme pollution of the soil and water. In pursuit of the quickest ways to extract gold deposits, illegal miners use mercury, which is highly toxic, to separate gold flecks from the soil. The mercury is washed away into rivers where it poisons fish and consequently, the consumers of fish products. It is estimated that a third of mercury pollution originates from illegal gold mining. The problem cannot be solved only by deploying the police to arrest those responsible, but rather through legal and sustainable alternatives with due consideration to all inter-linking variables (Press 2019).

The main strategies identified in the literature (Weber & Khademian 2008; Rittel and Webber 1973; Levin *et al.* 2012; Termeer *et al.* 2012) in dealing with wicked problems are post-normal science approaches, horizontal management, various forms of collaboration across functions, integrative approaches, knowledge networks, incrementalism and applied forward reasoning with a focus on identifying triggers for path dependent processes that unfold over time. Incrementalism advances policies where small steps are taken in the hope to contribute in a systematic manner to overall improvement. Such steps, however, need to be directed at the appropriate level/s. If the policy and performance instruments are fixated on a sub-problem instead of the wicked problem, the issue may appear to be solved in the short term

(APSC 2007: 12) To illustrate, if the sub-problem to IFFs is deemed to be only profit shifting by multi-nationals, then a short-term solution may lie in aspects such as adjustment in transfer-pricing regulations, automatic exchange of taxpayer information and capacity building in tax administrations. However, as illustrated in the discussion on definition, IFFs are attributed to a variety of factors and causes, of which profit shifting may or may not be one depending on the definition of IFF in use.

Horizontal management refers to greater cooperation and collaboration across departmental boundaries, which can include the management and coordination of a set of activities between two or more organisational units, which do not have hierarchical control over each other, and where the aim is to generate outcomes that cannot be achieved by the units working in isolation. Therefore, it is argued that jointly managed secretariats or informal networks can be used as structures and processes to attain coordination among units (Halligan, Buick & O’Flynn 2012: 75). Underlying problems that may influence coordination among units include, amongst others, the treatment of confidential information, trust relationships and adherence to individual privacy laws.

Different terminology is used to refer to horizontal management in government: in the UK reference is made to “joined-up government”, in Canada, “horizontal government/management” and in New Zealand, “integrated government”. In Australia, the “whole-of-government” approach emerged as both a horizontal management approach and a strategic enabler.¹⁶ As a strategic enabler, it emphasises cooperation among all levels of government in anticipation of future challenges. As a horizontal management approach, it emphasises increased coherence across government departments and objectives shared across organisational boundaries. This can reflect in delivery of programmes, policies and services that can involve all levels of government in conjunction with non-government entities (Halligan, Buick & O’Flynn 2012: 75).

¹⁶ In 2004 the Australian Public Service Commission (APSC) articulated the need for a whole-of-government approach due to a variety of reasons such as “ensuring security, building a strong economy, coping with demographic change and crafting social policy,” where these deliverables require “the active participation of a range of central and line agencies.” According to the APSC, the whole-of-government approach “goes beneath the surface of the ‘coordination’ that the APS strives to achieve. It examines the many different and sometimes competing imperatives that contribute to successful whole of government work and seeks to learn from our successes and failures” (APSC Management Advisory Committee Report (2004: v).

2.2.1 The whole-of-government approach

The APSC (2004: 1) defines the whole-of-government approach as an approach that “denotes public service agencies working across portfolio boundaries to achieve a shared goal and an integrated government response to particular issues.” These approaches can be formally or informally structured and could be focused on aspects such as policy development, programme management and the delivery of services. The APSC (2007: 11, 13) finds that for wicked problems to be handled properly, holistic thinking, that includes the perspectives of multiple stakeholders, should have precedence over linear thinking. The APSC reasons that “the wickedness of an issue lies in the interactions between causal factors, conflicting policy objectives and disagreement over the appropriate solution.” For this reason, linear thinking is insufficient to cover the social complexities associated with wicked problems.

The term “whole-of-government approach” is described as an overarching term for a group of responses to the problem of increased fragmentation of the public sector (Colgan, Kennedy and Doherty 2014: 9) and as a resurgent form of coordination between government departments (Christensen and Laegreid 2006: 6). It can be defined in various analytical ways. Empirically it can mean different things in different countries, or even different things within the same country. The scope of a whole-of-government approach can range from increased intergovernmental vertical coordination among ministries and agencies, to increased horizontal coordination among different policy areas in central government. It can also include coordination of service delivery programmes with the aim of enhancing performance, effectiveness and efficiency (Christensen and Laegreid 2006: 6). Fjeldstad, Ali and Katera (2018: 2) emphasise that a critical element in almost every contemporary framework that explains policy implementation success and failure, has to do with the effectiveness of inter-organisational relationships. The adoption of whole-of-government approaches is therefore driven by a need to increase collaboration, resource sharing and coordination, in addition to wanting to increase overall efficiencies and effectiveness of the public sector.

Colgan, Kennedy and Doherty (2014) identify four core issues when considering a whole-of-government approach to address policy matters. The first is being outcome focused, which means that government agencies seek to achieve outcomes that cannot be achieved by working in silos, but through optimising the resources at the country’s disposal. Second, citizen-centred outcomes are dependent on how well boundary-spanning considerations among different government agencies are managed. Third, the whole-of-government approach to policy is seen as enabling governments to address complex policy challenges

through the usage of knowledge and skills within different agencies. Fourth, the whole-of-government approach can help to tackle issues from a systemic perspective as and when they emerge, thereby strengthening prevention strategies (Colgan, Kennedy and Doherty 2014: 3).

A common thread in literature to mitigate wicked problems is collaboration. Reference is made to integrated approaches, centralised and forceful action, multi-pronged approaches, joined-up government, and the whole-of-government approach. (Owens and McDonell 2017; Termeer *et al.* 2012; Peters 2017; APSC 2004; OECD 2015). The latter approach is favoured by several institutions and academia, for example, by the Australian Public Service Commission in improving service delivery and to deal with significant policy challenges, by the OECD (2015) in promoting solutions aimed at combatting financial crime, and by the IMF in promoting sustained political commitment from the formulation to implementation phase of tax system reform initiatives in countries (IMF 2018). Owens and McDonell (2017: 1) find that in addressing linkages to crimes that underlie IFFs, a whole-of-government approach is required in addition to a reassessment of existing international instruments. Country experiences show that a whole-of-government approach can be very effective in addressing financial crimes, for example in Australia such an approach is associated with a recovery of AUD 2.2 billion in tax liabilities raised, increased tax compliance and improved compliance behaviour. Similarly, Hobbs and Williams (2017: 179) find that there is evidence that suggests that the “multi-agency approach can detect, investigate and prosecute acts of corruption.” The reasons for the need for a whole-of-government approach are derived from both internal and external factors. For instance, single-purpose organisations may have produced self-centred authorities, too much fragmentation, and a general lack of attention to cooperation and coordination requirements. Structural devolution may have removed levers of control or influence from political and administrative leadership that raises questions of accountability. Globalisation, climate change and increased threats of terrorism are examples of external pressures that drive the need for a whole-of-government approach. In this context the whole-of-government approach can be seen as an efficiency measure to address budgetary and resource pressures (Christensen and Laegreid 2006: 7).

It is, however, recognised that the whole-of-government approach does encounter difficulties such as working in a way that does not come naturally to public servants and that it will take several years to embed; system-level barriers exist; supportive structures, processes and skills may not be in place and it can be complicated, expensive and difficult to be workable, especially over the long term (APSC 2004; OECD 2015; Schlenther 2017).

2.2.2 Integrative approaches and action strategies

In 2012, Termeer *et al.* proposed an “integrative approach” for dealing with wicked problems. Such an approach consists of action strategies, observation of the wickedness of problems and enablers in the governance system.¹⁷ Action strategies essentially are the “how to” steps necessary to address the problem. By identifying and analysing the known components of IFFs, (a) a better understanding of the dimensions of IFFs can be developed, (b) action strategies can be identified to address some of the under-lying and inter-related causes of IFFs; and (c) the applicability of horizontal management practices in drawing policy setting and action strategies closer together, can be determined. The latter is informed by the APSC’s suggestion that public administrations can increase their adaptability by “blurring the traditional distinction between policy development and programme implementation when dealing with complex matters”(APSC 2007, 14) The reason put forth is that on the ground, operational intelligence is required to inform policy development and evolution needs because it takes in the views of stakeholders and it serves as a feedback mechanism as to what works and what does not. Another way of increasing adaptability is by focussing on shared experiences and learnings from dealing with wicked problems amongst and within public service administrations. Ancillary hereto, is that broad acceptance and understanding is needed that quick fixes are not an option, and that levels of uncertainty around the solutions to wicked problems should be tolerated.

2.2.3 Multi-pronged approaches

Reynecke and Asari (2016: 300) highlight that the transnational scope and magnitude of wicked problems in a globalised world requires a multi-pronged approach that also pays particular attention to companies and private actors. In reviewing local government authorities’ regional engagement from a wicked problem perspective, Christie, Rowe and Pickernell (2009: 83) indicate that a weak multi-pronged approach or weakness in the over-all management of stakeholder relationships can be an impediment that limits strong regional engagement. The authors therefore highlight the importance of unpacking or unbundling the

Termeer (2012: 2) identifies four governance capabilities that are essential to an integrative approach, namely “reflexivity (the capability to deal with multiple frames); resilience (the capability to adjust actions to uncertain changes); responsiveness (capability to respond to changing agendas and expectations) and revitalization (ability to unblock stagnations).” These capabilities form the basis for achieving small wins in wicked problems in the Termeer integrative approach.

key enablers and, by inference, the key impediments to stakeholder engagement. One such impediment is the way in which government departments manage performance objectives. Performance management in government institutions is illustrative of the problem that even if some of the components are working well, the performance objectives may not consider the larger organisational or government strategy, thus the whole cannot be achieved. Whilst performance management is focused on encouraging organisations and individuals to meet their own performance targets, a tendency towards some fragmentation of organisational forms has arisen (Christensen and Laegreid 2006, 20).

2.2.4 Structural and functional obstacles

Government entities are usually faced with the task of dealing with wicked problems but they are traditionally not set up to deal productively with wicked problems, for example, departments become cultural fortresses that are categorised by an organisational fragmentation between functions (referred to as a silo approach) to both functional work and problem solving (Head & Alford 2008, 9). The same departments are then required to work with other government departments that are set up in the same fashion, which makes both internal and external cooperation cumbersome. Bureaucracies therefore may show a tendency to be averse to risk and be less tolerant of messy processes such as those associated with wicked problems (APSC 2007: 13). In instances where cooperation is working and policy is well designed to address a wicked problem, such policy may fail to generate sufficient support or it may produce societal shock that hamper implementation. Levin *et al.* (2012) argue that “one shot big bang” policies for super wicked problems are at risk of failing where immediate behavioural change by all relevant parties is required.

The relationships between different spheres of government are complex because the relationships need to be managed at three levels: vertical (across different levels of government), horizontal (among the same level of government) and networked. Therefore, lines of communication and co-ordination for any agreed policy objective may traverse across multiple levels as it involves a multitude of actors and stakeholders in the public and private sectors. It is this type of difficulty that whole-of-government initiatives will encounter in becoming a major tool to address IFFs or any of its components. It is therefore important that cross-cutting targets get equal status to that of organisation-specific targets (Christensen and Laegreid 2006: 20). From a management perspective, differentiated silos within

administrations exist for reasons of enabling vertical and horizontal organisational boundaries. These are brought about by the division of labour and specialisation associated with modern organisations. Christensen and Laegreid (2006: 21) highlight that the whole-of-government approach does not concern itself with clarification of lines of accountability, so the challenge is to create a balance between horizontal and vertical accountability and responsiveness. In this regard the four governance competencies identified by Termeer *et al.* (2012: 1 - 5) may provide a suitable governance structure to observe and enable specific activities within a whole-of-government approach. In such a context it is important to view a wicked problem with the perspective of an Aristotelian world view of seeing the whole as more important than the sum of its parts, which implies that even if the separate components are working well, but are doing so in isolation of each other, the “whole” cannot be achieved. It is therefore important to understand the respective parts and the relationships among these parts (Von Bertalanffy 1972: 407).

The above illustrates the complexities of managing a single outcome amongst multiple government institutions and external stakeholders. It also demonstrates that collaborative approaches exist to assist administrators and policy makers to find appropriate levers to start engaging about ways to tackle IFFs. Where it becomes possible to create such synergies amongst government agencies, the next questions that arise concern the location of factors and activities of IFFs: (1) how do they impact on the domains of different agencies; (2) which ones are found within the domains of these different agencies and (3) how should they be managed?

2.3 Finding synergies to respond to IFFs

Rittel and Webber (1973: 159) identify “defining problems” and “locating them” as two of the most intractable problems. These two propositions are explained as developing knowledge of what differentiates an observed condition from a desired condition (the definitional problem), and to thereafter find where the problem really lies in the complex causal networks (the location problem). In the first section of this paper, the definitional aspects of IFFs are analysed in order to identify whether definition, in the case of IFFs, is an intractable problem and, also, to identify where the problem/s underlying IFFs is/are located. In this sense the observed condition is that the definition of IFFs is limited to illegal activities whereas the desired condition is that that the definition includes factors and activities that are

damaging to economies and societies. Under the expanded definition (the desired condition), the location of the problem can be done within the complexities of causal networks among both the factors and activities that create the environment wherein illicit activities flourish. This would require that illicit activities are not only looked at from the perspective of addressing a particular offence, irregularity or immoral conduct, but also that the circumstance that enables such activity to flourish be looked at. For example, if large-scale corruption induced tax evasion, or money laundering or profit shifting takes place in free-trade zones, then these offences need to be addressed as well as the enabling factors such as foreign investment policies and whether these are appropriately applied. Finding synergies therefore requires that governments review badly designed dispensations that attempt to attract foreign direct investment, but instead only erode the tax base and serve the elite. Additional factors that need be considered include the quality in governance, coherence in policy making, size of the informal economy, porous borders and the presence of organised criminal networks. Governance is a critical factor to consider because the best designed public investments cannot fill urgent infrastructure gaps, or improve the overall business climate, or act as catalyst for increased private investment in the face of poor governance. Poor governance leads to ineffective institutions, unjust tax systems and rampant tax evasion. Good governance is a measure to prevent and combat corruption and good governance, and together with aspects such as information sharing and cooperation on tax and financial crime matters contributes towards ensuring that globalisation brings about equal benefits to countries (Schlenther 2018).

Those responsible for policy setting within these different spheres should take into account the different objectives, performance measures and outcomes of government departments. For tax administrations, their performance (as a measure of collections against the tax or compliance gap) is an essential determinant as to where resources should be directed. In the same vein, a measure of the magnitude of money laundering is required to determine the overall effectiveness of the AML regime and to determine whether any reduction of money laundering has taken place in targeted areas. Anti-corruption success is dependent on the levels of accountability, integrity and transparency within government institutions, which in turn is reflected in how well legal and policy frameworks are implemented and in how effectively high-profile prosecutions are conducted.

In addressing the underlying components of IFFs, those agencies that implement strategies to address IFFs within their area of responsibility often encounter tensions or even

contradictions between their objectives and those of other responsible agencies. There is a need for a common shared strategy, and mutually supporting objectives amongst all departments responsible to address the underlying drivers of IFFs. This requires that action strategies and the underlying rationale must be visible to all. For example, in articulating the issues underlying IFFs, UNECA concludes that an estimated 5 per cent of IFFs are driven by corruption with the proviso that the figure could be much higher because corruption is cross-cutting. In assessing corruption risk in the extractives value chain, it is evident that no matter how well institutions are functioning, their objectives will be undermined by any act of corruption (Le Billon 2011: 3; Reuter 2012: 5; Moore 2012: 464). It can therefore be argued that because of the cross-cutting nature of corruption, it is potentially the greatest contributor to IFFs (Schlenger 2018). Anti-corruption initiatives should therefore be the first to be prioritised across departments in a concerted policy-driven effort to mitigate IFFs.

The same cross-divisional strategy should apply to money laundering because money laundering is a component of a larger wicked problem of IFFs, and an immediate incremental step can be framed as follows: if the necessary capacity is in place and the number of successful AML prosecutions increases dramatically, then a component of illicit financial flows can be mitigated. We know, however, that “every wicked problem is a symptom of another problem.” Money laundering has numerous underlying predicate offences that need to be established before a charge of money laundering can be pursued; thus the removal of the predicate offence (e.g. tax evasion or corruption) may provide a better long-term solution. In turn, the latter could be considered the symptom of still another higher-level problem, for instance tax evasion and corruption can be viewed as outcomes of a weak compliance culture.

In finding synergies to address IFFs, the latter constitutes a good focus for policy. It is a subject that resonates well with heads of state in developing countries, it has the attention of international standard setting institutions and a variety of non-governmental organisations are actively sponsoring work in this area. IFFs have also featured prominently on the G20 agenda, together with initiatives to address tax evasion and aggressive tax avoidance. This creates an ideal platform for countries and their government agencies to seize the initiative to get agencies to “start thinking about aligning different objectives to outcomes supporting SDGs or national interest” (Reuter 2012).

3. Conclusion

Broad consensus exists that IFFs are ill defined, which in turn implies that different policy handles may be available to address the problem. Action is required from policy makers because IFFs threaten the strategic, political, economic and environmental interests of both developed and developing countries. Activities underlying IFFs that remain untreated, erode confidence in government, erode the tax base, increase socio-political instability and affect tax compliance negatively, which ultimately deprives countries of revenue required to implement legitimate government policies. By looking at the factors and activities underlying IFFs through the lens of wicked problems, various causal problems exist and it is evident no single solution, no singular agency, nor any country by itself can sufficiently address the multi-faceted nature of IFFs. Consequently, strategies and management practices need to be adopted to enable collaboration and policy coherence between and within government agencies. To this end, it is suggested that if synergies can be found between interlinked policy variables such as anti-money laundering, anti-corruption and taxation, incremental steps can be taken to ensure that IFFs are addressed under a single coherent policy objective. Consideration should also be given to factors that enable IFFs such as international investment agreements and good governance since these shape the environment wherein activities that constitute IFFs can thrive or where they can be mitigated through effective collaboration.

In arguing that IFFs are not merely complex in nature, but rather a wicked problem, this paper contributes to the literature on dealing with wicked problems. In this regard, IFFs are identified as a problem that can be associated with a high level of uncertainty – from a definitional and location perspective – and with serious long-term consequences as a result of failure to act. By thinking about IFFs as a wicked problem, policy makers and administrators can be equipped with a better research framework and policy making tools to formulate long-term strategies aimed at mitigating IFFs and the effects thereof.

References

- Australian Public Service Commission (APSC). 2004. *Management Advisory Committee Report on Connecting Government: Whole of Government Responses to Australia's Priority Challenges*. APSC.
- Batie, S. 2008. "Wicked Problems and Applied Economics." *American Journal Agr. Econ*, 90(5): 1176-1191.
- Blankenburg, S. and Khan, M. 2012. "Governance and Illicit Flows" in Reuter, P. (ed). 2012. *Draining Development? Controlling Flows of Illicit Funds from Developing Countries*. Washington: The World Bank.
- Block, A. and Chambliss, W.J. 1981. "Organizing Crime." New York and Oxford: Elsevier. cited in Paoli, L. 2002. "The paradoxes of organized crime." *Crime, Law & Social Change* Vol 37. Kluwer Academic Publishers: Netherlands.
- Cambridge Dictionary [Online]. Available at: <https://dictionary.cambridge.org/dictionary/english/illicit> (Accessed on 03 May 2019).
- Christensen, T. and Laegreid, P. 2007. "The Whole-of-Government Approach - Regulation, Performance, and Public-Sector Reform". *Public Administration Review*, 6: 1059-1066.
- Christie, M.J., Rowe, P.A., and Pickernell, D. 2009. "Unpacking a Wicked Problem: Enablers/Impediments to Regional Engagement." *The Australian Journal of Public Administration*, 68(1): 83-96.
- Clark, W.C. 2007. Sustainability Science: A room of its own. *Proceedings of the National Academy of Sciences*, 104(6): 1737-8.
- Cobham, A., and Janský, P. 2007. "Illicit Financial Flows: An overview." Background paper prepared for the *First Intergovernmental Group of Experts on Financing for Development: Domestic Public Resources and International Development Cooperation*, 8-10 November 2017: Palais des Nations, Geneva.
- Colgan, A., Kennedy, L.A. and Doherty, N. 2014. *A Primer on implementing whole-of-government approaches*. Dublin: Centre for Effective Services.
- Conklin, J. 2005. *Dialogue Mapping: Building Shared Understanding of Wicked Problems*. Wiley.
- Everest-Phillips, M. 2012. "The Political Economy of Controlling Tax Evasion and Illicit Flows" in Reuter, P. (ed). 2012. *Draining Development? Controlling Flows of Illicit Funds from Developing Countries*. Washington: The World Bank.

- Fjeldstad, O., Ali, M., and Katera, L. 2018. "Policy implementation under stress: Central-local government relations in property tax collection in Tanzania". *ATI Working Paper* 18-01.
- Forstater, M. 2018. *Illicit Financial Flows, Trade Misinvoicing, and Multinational Tax Avoidance: The Same or Different?* Center for Global Development. CDG Policy Paper 123.
- Global Financial Integrity (GFI). *Illicit Financial Flows*.
- Gordhan, P. 2016. Address by Minister of Finance, Mr Pravin Gordhan to High Level Conference on Illicit Financial Flows: Inter-Agency Cooperation and Good Tax Governance in Africa Organized In Cooperation with United Nations Office on Drugs and Crime, Pretoria, South Africa.
- Halligan, J., Buick, F. and O'Flynn, J. 2012. "Experiments with Joined-up, horizontal and whole of government in Anglophone Countries". In A. Massey (Ed.), *International Handbook on Civil Service Systems* (1 ed., pp. 77-99). Cheltenham: Edward Elgar Publishing.
- Head, B. and Alford, J. 2008. *Wicked Problems: The Implications for Public Management*. Panel on Public Management in Practice International Research Society for Public Management 12th Annual Conference 26-28 March, 2008, Brisbane.
- Herkenrath, M. 2014. *Illicit Financial Flows and their Developmental Impacts: An Overview*. International Development Policy | Revue internationale de politique de développement [Online]. Available at : <http://journals.openedition.org/poldev/1863>, (Accessed on 06 May 2019).
- International Monetary Fund (IMF). 2018. *The IMF and the Fight Against Illicit Financial Flows*. Available at: <https://www.imf.org/en/About/Factsheets/Sheets/2018/10/07/imf-and-the-fight-against-illicit-financial-flows> (Accessed on 25 April 2019).
- Kates, R.W., Clark, W.C., Corell, R., Hall, J.M., Jaeger C.C., Lowe, I, McCarthy, J.J, Schellnhuber, H.J., Bolin, B., Dickson, N.M., Faucheux, S., Gallopin, G.C., Grubler, A., Huntley, B., Jager, J., Jodha, N.S., Kasperson, R.E., Mabogunje, A., Matson, P., Mooney, H., Moore, B., O'Riordan, T., and Svedin U. 2001. "Sustainability Science." *Science*, 292(5517). Available at: <http://pure.iiasa.ac.at/6529/1/RR-01-07.pdf>. (Accessed on 06 May 2019).
- Lake, D., Fernando, H., and Eardley, D. 2016. "The social lab classroom: wrestling with - and learning from -sustainability challenges." *Sustainability: Science, Practice, &*

- Policy*, 12(1): 1-12. Available at:
https://www.researchgate.net/publication/306307370_The_social_lab_classroom_Wrestling_with-and_learning_from-sustainability_challenges/download. (Accessed on 09 May 2019).
- Levin, K., Cashore, B., Bernstein, S., and Auld, G. 2012. “Overcoming the tragedy of super wicked problems: constraining our future selves to ameliorate global climate change.” *Policy Sciences*, 45(2): 123–152. Available at:
<https://link.springer.com/article/10.1007/s11077-012-9151-0> (Accessed on 03 June 2019).
- Menkhaus, K.J. 2009. *State Fragility as a Wicked Problem*. Available at:
http://cco.ndu.edu/Portals/96/Documents/prism/prism_1-2/6_Prism_85-100_Menkhaus.pdf. (Accessed on 06 May 2019).
- Monkam, N. 2015. *Ensuring a sound tax base in developing countries: Are the current international initiatives sufficient?* Available at:
<http://effectivecooperation.org/wordpress/wp-content/uploads/2015/07/Nara-Monkam-ATAF.pdf>. (Accessed on 03 May 2019).
- Munang, R., and Han, Z. 2014. *Tackle Climate Change and Illicit Financial flows together*. New African. Available at:
https://www.researchgate.net/publication/268507948_Tackle_Climate_Change_and_Illicit_Financial_flows_together/download. (Accessed on 09 May 2019).
- Ngwenya, L. 2017. “The spill-overs of illicit financial flows.” Chapter 2, pp 43-60 in Owens, J., McDonnell, R., Franzsen, R., and Amos, J. (eds) *Inter-Agency Cooperation and Good Tax Governance in Africa*. Pretoria University Law Press.
- Organisation for Economic Development (OECD). 2018. *OECD Work on taxation 2018 -19*. Centre for Tax Policy and Administration. OECD. Paris.
- Organisation for Economic Development (OECD). 2015. *Improving Co-operation between Tax and Anti-Money Laundering Authorities: Access by tax administrations to information held by financial intelligence units for criminal and civil purposes*. Available at: <http://www.oecd.org/tax/crime/improving-cooperation-between-tax-and-anti-money-laundering-authorities.htm> (Accessed on 26 April 2019).
- OECD. 2016. *Corruption in the Extractive Value Chain*. OECD Publication.
- O’Hare, B, Makuta, I, Bar-Zeev, N, Chiwaula, L and Cobham, A. 2014. “The effect of illicit financial flows on time to reach the fourth Millennium Development Goal in Sub-

- Saharan Africa: a quantitative analysis.” *Journal of the Royal Society of Medicine*, 107(4): 148-156.
- Oxford Dictionaries. Available at:
<http://www.oxforddictionaries.com/definition/learner/illicit>. (Accessed on 04 May 2019).
- Paoli, L. 2002. “The paradoxes of organized crime.” *Crime, Law & Social Change*, 37. The Netherlands: Kluwer Academic Publishers. Available at:
https://lirias.kuleuven.be/bitstream/123456789/202701/1/Paoli_Paradox. (Accessed on 05 May 2019).
- Picciotto, S. 2018. *Why tax avoidance is illicit*. ICDT Blog. Available at:
<http://www.ictd.ac/blog/why-tax-avoidance-is-illicit/> (Accessed on 05 May 2019).
- Reuter, P. (ed). 2012. *Draining Development? Controlling Flows of Illicit Funds from Developing Countries*. Washington: The World Bank.
- Reuter, P. 2017. *Illicit Financial Flows and Governance: The Importance of Disaggregation*. World Bank. Available at:
<http://documents.worldbank.org/curated/en/538841487847427218/pdf/112973-WP-PUBLIC-WDR17BPillicitFinancialFlows.pdf>. (Accessed on 06 May 2019).
- Reynecke, J. and Ansari, S. 2016. “Taming Wicked Problems: The Role of Framing in the Construction of Corporate Social Responsibility.” *Journal of Management Studies*: 299-327. Available at:
<https://onlinelibrary.wiley.com/doi/epdf/10.1111/joms.12137> (Accessed on 06 May 2019).
- Rittel, H. 1972. “On the Planning Crises: Systems Analysis of the First and Second Generations.” *Bedrijsokonomien* Nr 8. Available at:
http://courses.cs.vt.edu/~cs5984/spring_2005/reading/Rittle.pdf. (Accessed on 05 May 2019).
- Rittel, H. and Webber, M. 1973. “Dilemmas in a General Theory of Planning.” *Policy Sciences*, Issue 4. Available at:
<http://www.enablingchange.com.au/wickedproblems.pdf>. (Accessed on 05 May 2019).
- Schlechter, B. 2018. *An Evaluation of Tax Policy Measures Required to stem Illicit Financial Flows in the Diamond Value Chain*. University of Pretoria. Available at:
https://repository.up.ac.za/bitstream/handle/2263/67895/Schlechter_Evaluation_2018.pdf?sequence=1&isAllowed=y (Accessed on 06 May 2019).

- Schlechter, B. 2017. "Tax administrations, financial intelligence units, law enforcement agencies: How to work together?" Chapter 4; pp 84-106 in Owens, J., McDonnell, R., Franzsen, R., and Amos, J. (eds) *Inter-Agency Cooperation and Good Tax Governance in Africa*. Pretoria University Law Press.
- Schlechter, B. 2017a. "Corruption, money laundering and tax evasion: The inter-relationships between common factors to illicit financial flows." Chapter 5; pp 107-129 in Owens, J., McDonnell, R., Franzsen, R., and Amos, J. (eds) *Inter-Agency Cooperation and Good Tax Governance in Africa*. Pretoria University Law Press.
- Smith, D.C. Jr. 1976. "Mafia: The Prototypical Alien Conspiracy", *The Annals of the American Academy* January 1976 (423): 75–88 cited in Paoli, L. 2002. "The paradoxes of organized crime." *Crime, Law & Social Change* Vol 37. Netherlands: Kluwer Academic Publishers. Available at: https://lirias.kuleuven.be/bitstream/123456789/202701/1/Paoli_Paradox. (Accessed on 05 May 2019).
- Termeer, C.J.A.M., Dewulf, A., Breeman, G. and Stiller, S.J. 2013. *Governance Capabilities for Dealing Wisely with Wicked Problems*. Sage Publications. Available at: <http://aas.sagepub.com/content/early/2013/01/02/0095399712469195>. (Accessed on 05 May 2019).
- UNECA. 2015. *Illicit Financial Flows: Report of the High Level Panel on Illicit Financial Flows from Africa*. Available at: http://www.uneca.org/sites/default/files/PublicationFiles/iff_main_report_26feb_en.pdf. (Accessed on 08 May 2019).
- UNODC. 2004. *United Nations Convention Against Transnational Organized Crime and the Protocols Thereto*. Available at: <https://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf>. (Accessed on 06 May 2019).
- Von Bertalanffy, L. 1972. "The History and Status of General Systems Theory." *Academy of Management Journal*, 15(4). Available at: http://systemotechnica.ucoz.com/_fr/1/Bertalanffy_L.V.pdf. (Accessed on 05 May 2019).
- Waris, A. 2017. "Measures undertaken by African countries to counter illicit financial flows: Unpacking the African Report of the High Level Panel on Illicit Financial Flows." Chapter 1; pp 15-42 in Owens, J., McDonnell, R., Franzsen, R., and Amos, J. (eds)

Inter-Agency Cooperation and Good Tax Governance in Africa. Pretoria University Law Press.

- Weber, E.P. and Khademian, A.M. 2008. “Wicked Problems, Knowledge Challenges, and Collaborative Capacity Builders in Network Settings.” *Public Administration Review*. Available at: http://frst411.sites.olt.ubc.ca/files/2015/01/Weber_et_al-2008-Public_Administration_Review.pdf. (Accessed on 06 May 2019).
- Wort, L. 2018. “Why tax avoidance by multi-nationals and illicit financial flows are the same thing.” *International Tax Review*. Available at: <https://www.internationaltaxreview.com/Article/3809972/Why-tax-avoidance-by-multinationals-and-illicit-financial-flows-are-the-same-thing.html?ArticleId=3809972>. (Accessed on 09 May 2019).